Indianapolis Brownfields Redevelopment Toolbox

May 2002 City of Indianapolis Brownfields Program

Acknowledgements

The Brownfields Redevelopment Toolbox (the Toolbox) is the result of hundreds of collaborative hours, many of them volunteer, over a two-year period. Many people from both the public and private sector have invested critical time and intellectual energy in the effort that culminated in this document. The City would like to thank members of the Indianapolis Brownfields Redevelopment Advisory Group for their many contributions.

Special thanks go to Calvin Kelly, Perry Woodin, and Vicki Peavey who devoted numerous hours to the preparation of this document. The publication of the Toolbox would not have been possible without their time, effort and creativity. A very special thanks to the previous Brownfields Coordinator, Mary Beth Schmucker, who's devotion and dedication to the brownfields redevelopment effort made this publication possible.

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Dear Brownfields Stakeholder,

Whether it is an abandoned corner gas station or a dilapidated, vacant industrial building, every neighborhood is impacted by a brownfield. The uncertain environmental condition of many of these abandoned or idled properties leads to blight and stagnation. A vital component to reviving our city's neighborhoods is brownfields redevelopment.

The fundamental mission of the Indianapolis Brownfields Program is to enhance the quality of life within our city by revitalizing brownfields in an economically and socially responsible manner. To achieve this goal, the city is committed to initiating, facilitating, encouraging, and assisting with projects community development organizations undertake to bring about positive change in their neighborhoods. In addition, the city will encourage private sector participation in brownfields redevelopment, provide financial incentives, technical assistance and regulatory consultation, and encourage community support to facilitate the reuse of brownfields.

To that end, the Department of Metropolitan Development has updated the Indianapolis Brownfields Redevelopment Toolbox. The toolbox is intended to help navigate the brownfields redevelopment process and provide information regarding available resources for redevelopment.

I think you will find this toolbox to be a great guide for community organizations working to build a world-class city through brownfields redevelopment.

Sincerely,

Bart Peterson

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Background

Since 1995, the U.S. Environmental Protection Agency (U.S. EPA) has awarded over 100 Brownfield Pilot Grants to states, regions, and municipalities across the country, including the City of Indianapolis (the City). As a grant recipient, the City was charged with the task of developing a pilot program that would address the widespread problem of reclaiming areas of blighted urban-core or "innercity" property with potential environmental concerns. With its grant dollars, the City hired a full-time brownfields coordinator and has conducted environmental investigations on several properties, which will ultimately facilitate their redevelopment. The City's U.S. EPA grant award has also been a significant source of funds for the preparation of this document.

What is a brownfield?

A brownfield is commonly defined as "abandoned, idled, or underutilized property where redevelopment is in part inhibited by actual or perceived environmental contamination." Brownfields over time have also been colloquially referenced as "blight," yet regardless of the definition or time frame under consideration, brownfields have been and will continue to be a significant issue for Indianapolis.

Discussing the true impacts of brownfields on Indianapolis – or any city – is impossible to do in only a few paragraphs. Nevertheless, we must understand the negative impacts that the existence, perpetuation, and creation of brownfields have on both the urban core and surrounding suburbs. Cities across the country have long grappled with the decline of their neighborhoods and many, including Indianapolis, look directly to the continued existence of brownfields as one major impediment to reversing the decline. It is likewise a misconception that brownfields impact only inner-city residents and business interests. As brownfield decay exists, so does migration to the urban fringes, which causes our surrounding green-space to be developed. Thus, brownfields contribute to the phenomenon of urban sprawl along with increased congestion, pollution, and higher taxes associated with subsidized development outside the "beltway."

Purpose of Toolbox

This Toolbox gives recognition to the countless challenges of brownfield redevelopment. Key among these challenges is a general lack of available information on brownfields, as well as a lack of specific instruction on the processes, available programs, resources, and contact information an interested party may require to address a brownfield property. The broad purposes of the City's Toolbox, therefore, are to describe these programs, to educate stakeholders on the redevelopment process, and to provide contact information to better streamline your efforts. (Continued Next Page)

Organization

Indianapolis has had previous successes in reclaiming brownfield parcels, with much credit going to the foresight and resolve of the parties involved. More effort is needed, however, by all stakeholders, to continue to build better neighborhoods and to insure that positive economic change is maintained. The Toolbox is organized into three main sections, "Environmental," "Financial," and "Community," which represent the three "lenses" through which a brownfields project might be

Main Overview (Cont.)

viewed. The Environmental Section includes information and programs related to the investigation and potential cleanup of brownfield properties. The Financial Section highlights possible resources that may be brought to bear on a particular project, resources that may make the deal "work" from a financial perspective. The Community Section focuses on some of the issues surrounding the ultimate reuse of the property and the need to communicate with the City and the neighborhood as early in the redevelopment process as possible.

Throughout this document, three common themes arise: *due diligence, overcoming barriers*, and *collaborative efforts*. In all aspects of brownfields redevelopment, it is important to undertake a proper amount of *due diligence* – in investigating the environmental condition of a property, in exploring the financial resources that may be available to you, and in insuring that the project has the support of the surrounding community. While brownfields often present many barriers, there are an increasing number of programs and resources that may help you *overcome those barriers* and make a project viable. Finally, a key to making a brownfields redevelopment project work is *collaboration* – forming partnerships with other stakeholders and with those possessing the necessary expertise to see a project through.

It is my hope that the Toolbox is worthy of its name, and is helpful to those who use it as a resource. If you undertake a brownfields redevelopment project, however, this document should not be your only guide. This document is intended to be an overview, and it will allow you to ask better questions, not necessarily answer them. Because every property is different, it will be critical to work with knowledgeable professionals to determine what combination of tools might fit your project. If you have any questions about the Toolbox or wish to discuss a particular project, please feel free to call me at (317)327-5845 or e-mail me at lhendrix@indygov.org. Thank you for your interest!

Kyle Hendrix City of Indianapolis Brownfields Coordinator May 2002



Environmental Overview

It is common to view a brownfield as primarily an environmental problem, and for the majority of identified brownfields, contamination is likely present in some form or quantity. However, people often make the judgment based on appearance that a property is contaminated – or that environmental issues onsite would be too difficult to overcome – before an assessment has actually been performed.

Environmental contamination at a brownfield is thus partly an issue of *perception vs. reality*, as the definition of a brownfield suggests. Distinguishing between the kinds and amounts of contamination at a site – if present at all – is a critical early step in the redevelopment process. Before proceeding with a redevelopment transaction, your environmental and financial representatives will likely require a Phase I environmental site assessment (an "ESA").

Generally speaking, a Phase I ESA is a process whereby historic use of a site is analyzed through research of records, databases, historical literature and maps, and through personal interviews if necessary. A physical visit to the site is conducted to inspect for apparent surface contamination, or to observe activities and/or equipment which would typically result in leaks or spills. A Phase I ESA typically costs an interested party anywhere from \$1,000 to \$5,000 to complete depending on the size, age, and location of the property in question. The fee for the ESA is sometimes shared between the buyer and seller in a transaction, but is most often the buyer's responsibility.

The written report that details the findings of the ESA will typically offer one of two possible recommendations: 1) Perform further investigation, sampling of soil and/or water, and testing (a Phase II investigation); or 2) Further study is not warranted and contamination is likely not present (although not guaranteed) at the site. This process is referred to as "due diligence" and simply means you that have sought professional opinion(s) on the property and have reasonably attempted to determine conditions onsite. The concept of due diligence is an important theme in brownfield redevelopment and should extend throughout all of your actions in the process, in addition to environmental activities.

(Continued Next Page)

Indianapolis Brownfields Redevelopment Toolbox

Environmental Overview (Cont.)

If contamination is a reality – a real threat as opposed to one merely perceived – many of the following entries in the Toolbox will help you consider your options. Included are information and contacts for programs and resources that parties involved in redevelopment might utilize for assistance in further investigation and cleanup. Other resources that follow in the Environmental section include a listing of recent U.S. EPA initiatives regarding contaminated sites, as well as information on the State of Indiana Responsible Property Transfer Law. If you discover contamination in the course of your activities, you may have an obligation to report your findings to a regulatory agency. You should consult with an environmental and/or legal professional to determine your responsibility in a specific situation.

While the Toolbox does not fully address the issue of environmental liability, one development in the State of Indiana is worth noting. In the 1997 Indiana General Assembly, legislation was enacted under Indiana Code 13-30-9 creating a cause of action for recovery of reasonable costs associated with removal or remedial action involving hazardous substances or petroleum releases which pose a risk to human health and the environment. The action is known as an "Environmental Legal Action" (ELA) and may allow a brownfield redeveloper to recoup some cleanup costs. Under Indiana Code 13-30-9-3, resolution of an ELA is to be made without regard to any theory of joint and several liability, using legal and equitable factors which the Court determines appropriate. Such an action may be brought by a private person or the State against a person who caused or contributed to the release of a hazardous substance or petroleum into the environment which poses a risk to human health and the environment. One of the determinations which a court may make in an ELA is whether an award of reasonable costs, including attorney's fees, is appropriate.

There are two important considerations regarding your environmental activities. First, view your environmental conditions as just one of the *barriers to be overcome* in the larger redevelopment process. With appropriate due diligence, this can be accomplished. Finally, be aware of – and encouraged by – the fact that environmental concerns have been resolved in past brownfield projects and can be overcome in the future.

Indiana Department of Environmental Management (IDEM) Brownfields Program

State

Contact:
Gabriele Hauer, Chief
Phone: (317) 233-2773
Fax: (317) 234-0428

E-Mail

ghauer@idem.state.in.us

Key Points

- Program will provide technical assistance, education and outreach, and financial assistance to help mitigate environmental barriers
- Program will assist units of government in assessing environmental issues at brownfields properties in their area at no cost
- Program has implemented Comfort and Site Status Letters to address liability concerns

URL: www.in.org/idem/ land/brownfields/ index.html

Indianapolis Brownfields Redevelopment Toolbox

Indiana Department of Environmental Management (IDEM) Brownfields Program

In conjunction with the U.S. EPA's Brownfields Economic Redevelopment Initiative, Indiana has begun its own Brownfields Program. The program's goals include partnering with communities to help promote the reuse of existing properties, recognizing and cleaning up brownfields, and revitalizing economically depressed areas.

The Brownfields Program is designed to assist sections of government in addressing the environmental issues encountered at brownfields. IDEM's Brownfields Environmental Assessments seek to answer many of the questions regarding potential cleanup costs and environmental liability at those properties where there is a true desire for redevelopment. IDEM's Comfort Letters and Site Status Letters are intended to reduce concern about the liability from past actions by previous owners so as to encourage redevelopment.

A Brownfields Environmental Assessment is conducted at no cost for a section of government; community organizations only need the support of the governing county or city. An assessment includes research of the site history, a site reconnaissance and the collection and analysis of environmental samples as needed, and is presented to the requesting governing body in a Brownfields Environmental Assessment report.

Comfort and Site Status Letters are available once an environmental assessment or other activities are completed. Though not a legal document, the letters provide IDEM's position on whether the environmental conditions at a property would be a barrier for parties interested in redevelopment. In issuing Comfort and Site Status letters, IDEM focuses on three issues: identification of all potential source areas, assurance that developers and future land owners are not associated with any parties potentially responsible for contamination on the subject property, and determination that contamination found on the property does not present a threat to human health or the environment.

IDEM will also serve as a facilitator in addressing state and federal environmental issues regarding local brownfields redevelopment.

Notes	

IDEM Voluntary Remediation Program (VRP)

State

Contact:
Peggy Dorsey, Chief
Phone: (317) 234-0966

Fax: (317) 234-0428 E-Mail pdorsey@idem.state.in.us

Key Points

- Limits Liability
- Offers a mechanism to enter voluntarily into an agreement with the IDEM to clean up contaminated property
- Certificate of Completion
- Covenant Not to Sue

URL: www.in.org/idem/land/ vrp/index.html

Appendices

See "Appendix B" for VRP
Application

Indianapolis Brownfields Redevelopment Toolbox

IDEM Voluntary Remediation Program (VRP)

In response to a growing need for the Indiana Department of Environmental Management (IDEM) to oversee and review voluntary investigations and response actions, the Voluntary Remediation Program (VRP) was established in 1993. The VRP provides a mechanism for site owners or operators, or prospective owners and operators to enter into an agreement with IDEM to clean up contaminated property. When the cleanup is successfully completed, IDEM will issue a Certificate of Completion, and the Governor's Office will issue a Covenant Not to Sue to the VRP applicant. These documents provide assurance that the remediated areas (and contaminants) will not become the subject of future IDEM enforcement action. Pursuant to a Memorandum of Agreement with U.S. EPA, some assurance that EPA will not pursue an enforcement action is also provided.

Eligibility

Any site owner or operator or a prospective owner or operator, who wishes to clean up property that has been contaminated with petroleum or hazardous substances, is potentially eligible to participate in the VRP. Cleanups that have already been completed are also potentially eligible. An application may be rejected if a state or federal enforcement action concerning the proposed cleanup is pending; a federal grant compels IDEM to take enforcement action if the site conditions pose an imminent and substantial threat to human health or the environment.

Application

The application process requires submission of an application to the IDEM with a \$1,000.00 application fee. Withdrawal from the VRP will result in a refund of the unexpended portion of the application fee. Prior to submission of the application, site characterization should have already been completed (See Appendix B for VRP application).

A VRP Guidance Manual is available from IDEM which discusses the program in more detail. Also, please note that the Memorandum of Agreement with the U.S. EPA is included in the guidance manual.

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IDEM Underground Storage Tank (UST) Program and Leaking Tank Group

State

Contact:
UST Program
Skip Powers, Chief
Phone:(317) 308-3039
Fax:(317) 308-3063
E-Mail
spowers@idem.state.in.us

URL:www.in.org/idem/land/ust/index.html

Leaking Tank Group Graig Schroer, Chief Phone:(317) 232-8900 Fax:(317) 234-0428 E-Mail cschroer@idem.state.in.us

URL:www.in.gov/idem/ land/ust/

Appendices

See "Appendix D" for UST
Guidance Manual
Order Form and UST
Notification form

Indianapolis Brownfields Redevelopment Toolbox

IDEM Underground Storage Tank (UST) Program and Leaking Tank Group

Underground storage tanks (USTs) are often present at brownfields sites. More than 15,000 UST facilities in Indiana are registered with the Indiana Department of Environmental Management (IDEM). An UST is any one tank or a combination of tanks (including connected underground pipes) used to contain an accumulation of regulated substances the volume of which is at least 10 percent or more beneath the surface of the ground. For additional detailed information about USTs and leaking underground storage tanks (LUSTs), reference the *IDEM UST Guidance Manual*. It is an invaluable source.

The IDEM Underground Storage Tank Branch is divided into the following three programs:

Underground Storage Tank Program

The UST program assures compliance with all federal and state notification and closure requirements and tank standards. All tank registration, upgrading, closure activities and site assessment documents are reviewed by this program. Additionally, the UST program assesses annual tank fees along with the Indiana Department of Revenue.

Leaking Tank Group

Complaint investigations and oversight of leaking tank site cleanups are the main responsibilities of this program. Officials work closely with UST owners/operators, environmental consultants and contractors to guide proper site investigations and corrective action. Cleanups may be voluntary, led by the state, or under IDEM's enforcement authority.

Excess Liability Fund

For program information, see the Toolbox - Financial subsection.

Notes	

Indiana Responsible Property Transfer Law (IRPTL)

State

Contact:

IDEM
Office of Legal Counsel
Phone: (317) 232-8753
Fax: (317) 233-3517
Key Points

- Requires environmental disclosure from the seller to the buyer using a disclosure document
- Transfer of a property that meets one of three criteria triggers the disclosure rule

URL: www.in.org/idem/olc/ ptform.html

Appendices

See "Appendix D" for the IRPTL Disclosure Form

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Indiana Responsible Property Transfer Law (IRPTL)

Indiana's Responsible Property Transfer Law (IRPTL) requires that a seller of certain kinds of property disclose specific environmental information to the buyer before the property is transferred. A prospective buyer of commercial or industrial property should be sure to obtain any disclosure to which the buyer is entitled, then carefully review the information disclosed. The disclosure document may provide valuable information about the environmental condition of the property. Also, both parties to the transaction need to be aware of the requirements of this law to prevent "last minute" glitches.

Generally, the transfer law covers three kinds of property:

- property that has a business or other operation located on it that must submit certain reports under the federal Emergency Planning and Community Right-to-Know Act;
- property that has at least one regulated underground storage tank; and
- property that is listed on the Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS), which is a publicly available list of known or suspected contaminated properties nationwide. A copy of the CERCLIS list can be obtained at the Indiana Department of Environmental Management (IDEM), Office of Environmental Response File Room.

The transfer law requires that a specific disclosure form be used. A copy of the disclosure form is included in Toolbox Appendix D or can be found by following the Internet URL listed on the left. The completed form must be provided to any lender involved in the transaction as well as the purchaser. If the disclosure document has been demanded and has not been provided, the buyer can refuse to complete the transaction, or the lender can refuse to finance the transaction.

After the transaction is complete, the completed disclosure form must be filed with IDEM and must be recorded in the county recorder's office in the county where the property is located.

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U. S. EPA Environmental

Initiatives

Federal

Contact:

Bruce Pumphrey U.S. EPA

Office of Enforcement and Compliance Assurance (OECA)

Phone: (202) 564-6076

(800) 424-9346

Fax: (202) 564-0074

E-Mail

pumphrey.bruce@epa.gov

Key Points

- The EPA has archived approximately 24,000 of the 40,000 sites from CERCLIS
- No further Federal action is planned for these archived sites
- EPA has developed several guidance documents and policies which clarify liability issues

URL: www.epa.gov/swerosps
/bf/gdc.htm
Appendices

See "Appendix D" for EPA Fact Sheet concerning issues of liability

Indianapolis Brownfields Redevelopment Toolbox

U. S. EPA Environmental Initiatives

One of the most significant barriers to the cleanup of brownfields is concern about liability. The U.S. EPA has taken several steps with the intention of resolving or clarifying questions of liability. These actions include:

- Archiving approximately 24,000 sites out of 40,000 sites from CERCLIS (see page 17 for more information). For these 24,000 sites, no further Federal action is planned.
- Issuing guidance on Agreements with Prospective Purchasers of Contaminated Property which expands the circumstances under which EPA will consider agreements not to file a lawsuit. In certain cases a Prospective Purchaser Agreement can eliminate much of the "retroactive liability" concern associated with the purchase of contaminated or previously contaminated sites.
- Issuing a general policy statement outlining how EPA will reduce uncertainty about potential liability of owners of uncontaminated property where groundwater has been contaminated by another property. Also allows for sales of these properties with liability protection.
- Issuing a Model Comfort Letter Clarifying National Priority List
 (NPL) Listing, Uncontaminated Parcel Identification, and
 Comprehensive Environmental Response, Compensation, and
 Liability Act (CERCLA or "Superfund") Liability Involving
 Transfers of Federally Owned Property. This guidance addresses
 various issues concerning perceived NPL stigma and Superfund
 liability.
- Issuing a regulation which clarifies when a lender may be exempt from UST liability.
- Exercising enforcement discretion concerning CERCLA liability
 of governmental units that involuntarily take ownership of
 property through the operation of federal, state, or local law.
- Publishing revised regulations for Resource Conservation and Recovery Act (RCRA) which provide incentives for streamlined remediation at currently operating RCRA sites.

Additional EPA publications related to brownfields can be found at the Internet address given on the left.

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Financial Overview

It should come as no surprise that *financing a brownfield project can be very challenging*. To reduce this challenge, the following Financial section of the Toolbox is a reference on financial sources and considerations for your transaction.

The point in a redevelopment effort where financing begins to be carefully considered will vary from project to project. Generally, redevelopment issues must be managed "in parallel," meaning all three key perspectives (Environmental, Financial, and Community) are addressed concurrently and continually impact one another. However, you may need to focus through one of the three "lenses" until that particular perspective has been fully resolved. For example, a bank may be interested in financing a particular project, but may not be willing to finalize any agreement until all environmental issues have been identified and quantified. Thus, the point at which financing is evaluated will be transaction-specific.

Regardless of the point in time in your redevelopment when financing is considered, there are *multiple resources at hand for funding support*. The following pages in the Financial section touch on a variety of options including loans, funds from various entities, geographically specific tax relief, and site-specific insurance underwriting. Bear in mind that not all sources are appropriate or available for all parties and a qualified consultant may be needed to provide professional guidance. That said, creative and accessible brownfields funding continues to grow in availability, making your *financial barrier* easier to overcome.

Indianapolis Brownfields Redevelopment Toolbox

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Revolving Loan Funds

Local / State

Contact:

City of Indianapolis
Kyle Hendrix
Phone (317)327-5845
Email lhendrix@indygov.org

Indiana Department of
Environmental Management
Gabriele Hauer
Phone (317)233-2773
Email Ghauer@dem.state.in.us

Indiana Development Finance
Authority
Calvin Kelly
Phone (317)233-4332
Email ckelly@idfa.state.in.us

Key Points

- The Indianapolis Brownfields Remediation RLF makes grants to not for profit entities for assessment or remediation and low interest loans to any private entity.
- BCRLF is a pilot grant from EPA that will make up to \$1,000,000 in low interest loans available for environmental cleanup.
- The Environmental Remediation RLF is a state program from which grants for site assessments and low interest loans are made to local units of government.

Indianapolis Brownfields Redevelopment Toolbox

Revolving Loan Funds

Brownfields Remediation Revolving Loan Fund

The Indianapolis Brownfields Program, through the Department of Metropolitan Development, will use Community Development Block Grant funds to assist with the assessment and clean up of brownfields sites. Not-for-profit organizations may apply for a one-to-one matching grant for the assessment and remediation of a brownfields project, with a maximum grant award of \$20,000. In addition loans will be available to both, for profit and not-for-profit entities. No match is required for a loan. Application deadlines will be posted on the City web page.

Brownfield Cleanup Revolving Loan Fund

The Indiana Department of Environmental Management (IDEM) received a Brownfields Cleanup Revolving Loan Fund (BCRLF) pilot grant from U.S. EPA in 1997. The pilot is funded under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). Through this pilot, IDEM may issue low-interest loans for non-time critical removals. IDEM currently has \$1,000,000 available to loan for a limited time only. IDEM will be responsible for determining whether a borrower is eligible. Unlike the State Environmental Remediation Revolving Loan Fund, private entities will be eligible to apply for a loan under the BCRLF. The BCRLF will be managed using the same operational structure established for the State of Indiana Environmental Remediation Revolving Loan Fund. As the recipient of the pilot grant, IDEM will serve as the lead agency, with the Indiana Development Finance Authority (IDFA) as the fund manager.

State of Indiana Environmental Remediation Revolving Loan Fund

In 1998 the Indiana Development Finance Authority initiated the Environmental Remediation RLF, offering these funds to political subdivisions (i.e. local government) for site assessments and cleanups of brownfield sites. While only local governments are eligible to apply, depending on existing projects and priorities, the City of Indianapolis would consider partnering with a private developer to access these funds. Any political subdivision is limited to 10% of the funds available in a given year.

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Indianapolis Enterprise Zone

Local / State

Contact:

Urban Enterprise Association Phone: (317) 974-4430

Key Points

- The Urban Enterprise
 Association is the
 managerial organization of
 the Indianapolis Enterprise
 Zone
- Several incentives are available for businesses located within the Indianapolis Enterprise Zone

Appendices

See "Appendix C" for a map of the Indianapolis Enterprise Zone

Indianapolis Brownfields Redevelopment Toolbox

Indianapolis Enterprise Zone

Many incentives are available to businesses and employees located in the Indianapolis Enterprise Zone. A map showing zone boundaries is included in Appendix C. Certain tax benefits are available to businesses located within the zone.

Urban Enterprise Association

The Urban Enterprise Association (UEA) is the managerial organization of the Indianapolis Enterprise Zone. The UEA was created by State legislation to promote job creation and neighborhood revitalization within the zone. There are numerous incentives offered to businesses, the employer and the employees of the zone. Following is a list of the different incentives that are offered in the Enterprise Zone. The UEA can offer assistance to prospective businesses interested in these incentives.

- Exemption from Indiana Gross Income Tax on the increase in receipts from the base year.
- State Income Tax Credit on lender interest income (5%).
- Wages Tax Credit for the employer based on wages paid on qualified employees. Credit is the lesser of 10% of the increase in wages paid over the base year, or \$1,500 per qualified employee.
- *Inventory Tax Credit:* A 100% credit for businesses in the Enterprise Zone can go toward their Indiana personal property tax for inventory located in the zone as of March 1 of each year.
- Loan Interest Income Tax Credit: A taxpayer (person, corporation, partnership, etc.) can receive a tax credit against its state tax liability equal to five percent of the amount of interest income received on a qualified loan. The loan must be used for improvements that increase the assessed value of the enterprise zone real property.
- Enterprise Zone Investment Cost Credit: State income tax credit, up to a maximum 30%, is available to individuals and trusts in order to stimulate new venture investment in an enterprise zone, provided several qualifying criteria are met.
- Gross Income Tax Exemption: Increases in the gross income directly related or attributable to business activity from within the Enterprise Zone that meet certain qualifications are state tax exempt.
- Individual Wage Exemption: Qualified employees who live and work in the Enterprise Zone may be entitled to a state tax exemption. A portion of the income they earn annually in the zone is exempt from taxation.

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Enterprise Community

(EC)

Local / Federal

Contact:

HUD

Brownfields Hotline

Phone:

(800) 998-9999

HUD

Regional Office

Robert Poffenberger

Phone:

(317) 226-5187

Fax:

(317) 226-6317

City of Indianapolis
Jim Naremore

Phone:

(317) 327-3766

URL: www.hud.gov

www.ezec.gov

www.indygov.org/

dmd/projects/

empower/index.htm

Appendices

See "Appendix D" for EPA Fact Sheet on Brownfields and EZ/EC Communities

See "Appendix C" for a map of the Indianapolis Enterprise Community

Indianapolis Brownfields Redevelopment Toolbox

Enterprise Community (EC)

The City of Indianapolis has a geographic area designated as an Enterprise Community (EC) by the U. S. Department of Housing and Urban Development (HUD). The designated area consists of census tracts which meet certain demographic criteria based on need. A map showing Indianapolis' Enterprise Community can be found in Appendix C.

If a brownfield redevelopment project is located within the EC area, it may be eligible for the following incentive:

• *Tax exempt facility bonds* provide business up to \$3 million to finance construction of new facilities or expansion of existing ones, and to acquire equipment and machinery.

Notes —

Marion County Economic Development (MCED) and The Indy Partnership

Local

Jeb Conrad

MCED/Indy Partnership Phone: 317.236.6262 Toll free - 877.236.4332 Fax: 317.236.6275

URL:www.indypartnership.com

Indianapolis Brownfields Redevelopment Toolbox

Marion County Economic Development (MCED) and The Indy Partnership

Partners in Growth

Marion County Economic Development (MCED) provides the essential services businesses require when considering expansion in or relocation to Indianapolis and the county's other communities. While serving as an advocate for the local business community, the organization successfully brings together the necessary public and private partners to help expand and retain local businesses as well as to attract new businesses to the state's capital.

The Indy Partnership provides national business prospects with location assistance and information about the nine-county region which includes Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan and Shelby counties. As a partner of The Indy Partnership, MCED extensively uses the organization's Client Services Outreach Program to effectively promote Marion County to areas beyond the immediate nine-county region.

This regional approach provides the crucial support central Indiana needs to compete in the national and international arena for increased business expansion and job growth. As a result, MCED relies on The Indy Partnership for research and marketing as well as the promotion necessary to attract new businesses. The redevelopment of brownfields is an important component to the success of this mission.

Existing Business Programs

The Existing Business Programs foster retention and expansion of local companies and industries by utilizing a combination of public and private resources to maximize results.

Fulfillment/Attraction of New Business

In conjunction with The Indy Partnership, MCED aggressively identifies and campaigns to attract domestic and international businesses to Indianapolis and other Marion County locations.

In addition to providing site selection assistance, MCED introduces business prospects to the local business community and offers help in understanding state and local business assistance programs. Using economic impact models, MCED also makes recommendations about incentives to the City of Indianapolis.

(Continued Next Page)

The Indy Partnership and MCED staff can assist a business or developer interested in brownfields redevelopment in identifying potential incentives and making appropriate contacts in state and local government, utilities, and nonprofit agencies that may be important for a project. Following are some of the services offered by the Indy Partnership and MCED that could apply to brownfield redevelopment:

Development Services

Marion County Economic Development (MCED) provides the following services to help promote capital investment and job growth in Marion County

- Supports businesses considering expansion in or relocation to Indianapolis by providing appropriate services and insight
- Assists in structuring incentive criteria for retention or expansion
- Creates the necessary alliances to ensure a competitive business environment
- Continuously updates and refines contacts with potential economic development partners
- Identifies city and county initiatives for key business sectors
- Promotes opportunities with Indianapolis Downtown, Inc.; Indy MotorForce; the Naval Air Warfare Center property; the Keystone/I-70 Business Park project as well as opportunities with other organizations

MCED also maintains and promotes a comprehensive resource directory outlining available business resources. A major component of the directory is a supplier linkage program that utilizes extensive business contacts to promote regional purchasing.

Notes	

Excess Liability Fund (ELF)

State

Contact:
Steve Browning
IDEM
ELF Program Office

Phone: (317) 234-0341 Fax: (317) 234-0965

Key Points

Reimbursement of cleanup costs for eligible tank owners

URL: www.ai.org/idem/oer/ elfoview.html

Appendices

See "Appendix B" for the ELF application

Indianapolis Brownfields Redevelopment Toolbox

Excess Liability Fund (ELF)

The Excess Liability Fund (ELF) was created to reimburse eligible Underground Storage Tank (UST) owners/operators for the costs incurred in cleaning up a UST leak and for third party liability, and to help tank owners fulfill federally mandated financial assurance requirements.

Eligibility

- All regulated USTs must have been registered with the IDEM at the time of the occurrence (i.e., leak);
- At least 50% of all tank registration fees must have been paid when due:
- Any release from the UST system must have been reported immediately to the Leaking Underground Storage Tank (LUST) program and an incident number received for the release;
- The UST owner or operator must have been in compliance with all applicable federal and state laws and regulations governing USTs;
- A Corrective Action Plan (CAP) for remediation of the site must have been approved in writing by the IDEM;
- The UST owner or operator has not defaulted on a loan with the loan guaranty program; and
- The deductible as specified in IC 13-23-8-3 has been paid (\$25,000 to \$35,000).

The ELF can also guarantee loans made to petroleum marketers, retailers, or political subdivisions to finance the upgrade or replacement of USTs. See the Indiana Development Finance Authority entry in the Toolbox for further information on the loan guaranty program.

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Brownfields Tax Incentive

Federal

Contact: Karl Alvarez U.S. EPA

Phone: (202) 260-3525

(800) 424-9346

Fax: (202) 260-6606

Key Points

 Environmental cleanup costs for properties in targeted areas are fully deductible in the year in which they are incurred, rather than having to be capitalized

URL: www.epa.gov/swerosps/ bf/gdc.htm

Appendices

See "Appendix D" for EPA Fact Sheet on the Brownfields Tax Incentive

See "Appendix C" for map of Indianapolis Federal Enterprise Community

Indianapolis Brownfields Redevelopment Toolbox

Brownfields Tax Incentive

The Brownfields Tax Incentive is part of the Taxpayer Relief Act of 1997, which is meant to spur the cleanup and redevelopment of brownfields in distressed urban and rural areas. The Brownfields Tax Incentive allows the costs of environmental cleanup in targeted areas to be fully deductible in the year in which they are incurred, rather than having to be capitalized.

Eligibility

To be eligible, properties must meet specified land use, geographic, and contamination requirements. "To satisfy the land use requirement, the property must be held by the taxpayer incurring the eligible expenses for use in a trade or business or for the production of income, or the property must be properly included in the taxpayer's inventory," (U. S. EPA Brownfields Tax Incentive Fact Sheet, August, 1997). Hazardous substances must be present or potentially present on the property to satisfy the contamination requirement. To meet the geographic requirement, the property must be located in one of the following areas:

- EPA Brownfields Pilot areas designated prior to February 1997 (which includes the City of Indianapolis Brownfields Pilot);
- Census tract where 20 percent or more of the population is below the poverty level;
- Census tracts that have a population under 2,000, have 75 percent or more of their land zoned for industrial use, and are adjacent to one or more census tracts with a poverty rate of 20 percent or more;
- Any Empowerment Zone or Enterprise Community (the City of Indianapolis has a designated Federal Enterprise Community).

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Community Reinvestment Act (CRA)

Federal

Contact:

Lending Institution or U.S. EPA Phone: (800) 424-9346

Key Points

 Banks, thrifts, and other lenders are required to make capital available in low- and moderate-income urban neighborhoods

URL: www.epa.gov/swerosps/ bf/gdc.htm

Appendices

See "Appendix D" for EPA Fact Sheet on the Community Reinvestment Act

Indianapolis Brownfields Redevelopment Toolbox

Community Reinvestment Act (CRA)

The Community Reinvestment Act requires banks, thrifts, and other lenders to make capital available in low- and moderate-income urban neighborhoods. To deal with the concern of environmental liability, the Office of the Comptroller of the Currency revised some of the CRA's regulations. Now, "lenders subject to the CRA can claim community development loan credits for loans made to help finance the environmental cleanup or redevelopment of an industrial site when it is part of an effort to revitalize the low- and moderate-income community in which the site is located," (U. S. EPA CRA Fact Sheet, April, 1997).

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Environmental Insurance

Contact:

Insurance Broker / Company

or

U.S. EPA

Phone: (

(800) 424-9346

Key Points

 Environmental insurance is available to add certainty to a brownfields transaction

Appendices

See "Appendix D" for EPA Fact Sheet on environmental insurance

Indianapolis Brownfields Redevelopment Toolbox

Environmental Insurance

Insurance related to the cleanup and redevelopment of contaminated sites is becoming increasingly available. Some insurance carriers are responding to the brownfield redevelopment trend by creating policies that respond to the need of developers to add certainty to a transaction. Certain types of insurance policies are also available through some environmental consulting firms.

The three most commonly available types of environmental insurance on the market are: property transfer insurance, cleanup cost cap/stop loss insurance, and owner-controlled insurance. The minimum amount of coverage generally ranges from \$100,000 to \$1 million per policy, and the maximum coverage ranges from \$10 million to \$40 million per policy. Following is a summary of the three types mentioned above.

- Property Transfer Insurance: "protects an insured against onsite cleanup costs of unknown, preexisting, or new conditions, and against third-party claims for off-site cleanup costs that result from onsite pollution."
- Cleanup Cost Cap/Stop Loss Insurance: "protects an insured against a cleanup project that runs substantially over budget."
- Owner-Controlled Insurance: "allows an owner or prime contractor undertaking cleanup to determine the desired scope of insurance protection against the acts or omissions of other parties involved in the cleanup."

For more information, see the U.S. EPA's publication on environmental insurance in Appendix D, or contact a local insurance broker or company to determine what coverages might be available.

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Community Overview

The Community section of the Toolbox focuses mainly on issues surrounding the reuse of property. This section provides descriptive information on the Department of Metropolitan and other City of Indianapolis departments as these offices will be vital resources in assisting with zoning issues, general development/building permitting, infrastructure research, and overall land use requirements. It also provides important *community contact information* so that the neighborhoods surrounding a brownfield can be included as a necessary stakeholder in the redevelopment process.

The theme of "ollaborative efforts" is perhaps most apparent in this aspect of a redevelopment project. It is critical to the success of most brownfield projects to involve and receive support for the project from surrounding neighborhoods. The neighborhood officials and residents who have participated in the Advisory Group and the creation of the Toolbox have emphasized the importance of community involvement in redevelopment activities undertaken in their neighborhoods. Including the community in your plans will make your project proceed more smoothly and may create opportunities to acquire many different kinds of additional resources. Early involvement will also encourage continued neighborhood support of a proposed enterprise as it begins operations, seeks employees, and provides services.

The ultimate reuse of a particular property may be influenced by a number of factors, including the market, zoning, the City's Comprehensive Land Use Plan, and the desires of the neighborhood. Neighborhoods will have several questions about a project, including but not limited to:

- Will the project benefit the surrounding neighborhood?
- Will the redevelopment create jobs and spur economic growth, consistent with the neighborhood's interests? and
- Will the proposed project properly address any existing contamination and/or potentially introduce new sources of contamination to the area?

These concerns, and others, are of considerable importance to any local resident. A true collaborative spirit will be fostered if such issues are addressed with the respective neighborhood representatives as early as possible in the project planning stages.

Indianapolis Brownfields Redevelopment Toolbox

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General Zoning and Permitting

Local

Contact:

City of Indianapolis

DMD - Current Planning

Phone: (317) 327-5155

DMD - Permits

Phone: (317) 327-5020

URL: www.indygov.org/dmd

Appendices

See "Appendix C" for a map of Marion County Wellfields

See "Appendix D" for a list of land uses regulated under the Wellfield Protection Zoning Ordinance

See "Appendix C" for a map of the County Townships

See "Appendix A" for contact information for Township Administrators

Indianapolis Brownfields Redevelopment Toolbox

General Zoning and Permitting

Indianapolis Dept. of Metropolitan Development

The Department of Metropolitan Development (DMD) acts as the coordinating City department for most development-related issues, including zoning, permitting, and other land-use issues. In support of the City's vision of safe streets, strong neighborhoods and a thriving economy, the DMD plans and implements services and projects focused on public safety, jobs and economic development, affordable housing and the empowerment of neighborhoods through citizen participation. The DMD maintains the City's Comprehensive Land Use Plan as well as numerous neighborhood-specific plans. Due to the land use and neighborhood considerations inherent in a brownfields project, the DMD will be a vital source of information.

Wellfield Protection Zoning Ordinance

The Wellfield Protection Zoning Ordinance of Marion County, Indiana was adopted by the City-County Council to assist in the protection of ground water resources used for the public drinking water supply. Since some types of site development and activity may pose a threat to ground water resources, certain land use activities within the Wellfield Protection District boundaries (as shown in Appendix C) are regulated under this ordinance.

This Ordinance can be of importance to those wanting to redevelop a brownfield site, for reasons relating to both environmental concerns, as well as time and resource issues. Wellfield Protection site and development plan review may add a minimum of two weeks to the permitting process.

Indianapolis Township Administrators

The Township Administrators of the DMD are a group of City employees whose function is to bring government closer to the citizens of Indianapolis by connecting residents, businesses, and other organizations to City services, and addressing the concerns and issues that affect our communities. There is a Township Administrator assigned to each of the nine townships within Marion County. A Township Administrator can assist in a brownfields redevelopment effort by helping to determine the most effective way to access City services and other organizations within the community where the project will occur.

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Neighborhood Resources

Local

Contact:

URL: www.indygov.org/ directory/index.html

Appendices

See "Appendix A" for a list of the CDCs and their respective contacts

See "Appendix C" for a map of local CDC boundaries

Indianapolis Brownfields Redevelopment Toolbox

Neighborhood Resources

Neighborhood associations can provide valuable resources for businesses interested in developing in respective communities. See the Internet URL for a list of the many Neighborhood Associations within Marion County. The list includes contact names and phone numbers. To determine the neighborhood association for the area surrounding a particular property, contact DMD or a Township Administrator.

Community Development Corporations

Community Development Corporations (CDCs) are an excellent information source for developers who may be concerned about the reaction of a community to a proposed development. CDCs are not-for-profit community based corporations established by residents to improve housing and promote economic development in Indianapolis's central city neighborhoods. CDCs have access to funding sources frequently not available to the private sector. Additionally, CDCs can act in the role of developer and frequently partner with for-profit entities. A map showing the geographic area covered by each CDC is included in Appendix C.